

Message Text

UNCLASSIFIED

PAGE 01 QUITO 06216 231442Z

46

ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-07 TRSE-00 AID-05 IGA-01 L-03

/031 W

----- 049046

R 222234Z AUG 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 6862

INFO USDOC WASHDC

AMCONSUL GUAYAQUIL

UNCLAS QUITO 6216

FOR EXIMBANK/WILLIAM JASPER

E.O. 11652: N/A

TAGS: EFIN, EC

SUBJECT: EXIMBANK/MONOLITICA S.A.

REF: JASPER CALL TO LABRIE AUG. 20.

1. COMATT LABRIE CALLED AT MONOLITICA AUG 22 AND DISCUSSED OVERDUE PAYMENTS WITH BOTH RODRIGO CORREA AND DR. GEROLAMO ZANCHI. ZANCHI, INCIDENTALLY, WILL HENCEFORTH BE HANDLING MONOLITICA FINANCIAL MATTERS.

2. CORREA EXPLAINED THAT CASH FLOW STATEMENT HAD NOT BEEN FORWARDED TO EXIMBANK DUE TO CERTAIN MISSING DATA. HOWEVER, RECENT SIGNING OF US\$26 MILLION CONTRACT WITH GOE WILL NOW PERMIT CORREA TO CALCULATE CASH FLOW AND TRANSMIT STATEMENT WITHIN NEXT THREE WEEKS. CORREA STATED THAT THIS NEW PROJECT, WHICH IS FOR COMPLETION OF PANAMERICAN HIGHWAY IN SOUTHERN ECUADOR, IS BEING FINANCED BY MONOLITICA WITH DOLLAR LOAN, AND UNDER ARRANGEMENT WITH BANK OF AMERICA TO BUY NOTES, CORREA ASSURED COMATT THAT GOE PAYS ON TIME ON DOLLAR LOANS AND HE LOOKS TO THIS CONTRACT AND MONTHLY PAYMENTS FROM GOE TO GET MONOLITICA BACK ON FEET. LOAN IS FOR YEARS WITH EIGHTEEN-MONTHS GRACE PERIOD.

3. PAYMENT SCHEDULE: CORREA SAID MONOLITICA WOULD TRANSFER
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 QUITO 06216 231442Z

FIVE (5) MILLION SUCRES (ABOUT US\$200,000), AS FIRST REPAY-

MENT UNDER NEW SCHEDULE, BY THIRD WEEK IN SEPTEMBER. PROCESSING BY CENTRAL BANK WILL REQUIRE ABOUT TEN DAYS. CORREA WILL NOTIFY EXIMBANK AND THREE U.S. SUPPLIERS AS SOON AS MONOLITICA RELEASES FUNDS. MONOLITICA THEREAFTER EXPECTS TO MAINTAIN REGULAR MONTHLY PAYMENTS.

4. THREE REQUIREMENTS MENTIONED BY JASPER: A) CORREA DOES NOT THINK IMMEDIATE TOKEN PAYMENT IS WARRANTED SINCE FIRST RESCHEDULED (ALTHOUGH DELAYED) PAYMENT IS ONLY ONE MONTH OR LESS AWAY. B) LIEN ON EQUIPMENT IS NOT POSSIBLE. TRUTH OF MATTER, ACCORDING TO CORREA, IS THAT EQUIPMENT IS ALL PLEDGED TO EITHER LOCAL BANKS, OR TO GOE AS PERFORMANCE BOND, AND PRESENT SITUATION OF MONOLITICA MAKES IT DIFFICULT TO PUT UP OTHER FORM OF COLLATERAL. C) IN REGARD TO TRAVEL, THREE IS POSSIBILITY THAT CORREA OR ZANCHI WILL GO TO WASHINGTON WITHIN NEXT MONTH TO DISCUSS MATTER DIRECTLY WITH EXIMBANK.

5. COMMENTS: FROM CONSULTATION WITH USAID HERE, AND OTHER SOURCES, EMBASSY IMPRESSION IS THAT MONOLITICA PROBLEMS STEM MAINLY FROM FACT THAT GOE FINANCIAL SITUATION HAS NOT BEEN HEALTHY DURING YEARS AND THAT MONOLITICA, LIKE OTHER GOVERNMENT CONTRACTORS, HAS NOT BEEN GETTING PAID ON SCHEDULE, ADDITIONAL LESSER FACTOR MAY BE THAT COMPANY HAD OVER-EXTENDED MANAGEMENT CAPACITU. ADDITIONALLY, MONOLITICA, IN APPROXIMATELY MAY OF THIS YEAR, EXPERIENCED LABOR PROBLEMS WHEN EMPLOYEES STRUCK FOR HIGHER WAGES. FIRM PRESENTLY HAS CONTRACTS WITH GOE VALUED AT US\$40 MILLION. AND CORREA FIRMLY BELIEVES THAT FUTURE LOOKS MUCH BRIGHTER, ALTHOUGH HE READILY ADMITS THAT PREVIOUS EIGHTEEN MONTHS HAVE BEN VERY DIFFICULT. FINALLY, MONOLITICA S ECUADOR'S LARGEST ROAD CONSTRUCTION COMPANY BY FAR, AND EXIMBANK MAY WISH TO CONCEDE ANOTHER MONTH FOR COMPLIANCE WITH ABOVE SCHEDULE OF EVENTS.
BREWSTER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975QUITO06216
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750292-1139
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750826/aaaaawxc.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 02 DEC 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 DEC 2003 by ThomasVJ>; APPROVED <06 JAN 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK/MONOLITICA S.A.
TAGS: EFIN, EINV, EC, MONOLITICA S A
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006